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JASON KELLAHIN (RETIRED 1991)

April 25, 2002

VIA FACSIMILE

Mr. David K. Brooks, Esq.
Oil Conservation Division
1220 South Saint Frances Drive
Santa Fe, New Mexico 87505

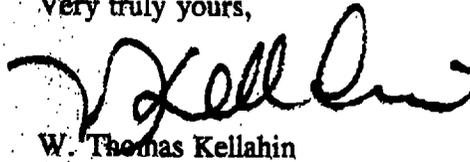
Re: **PENROC OIL CORPORATION'S SUPPLEMENTAL REPLY
IN SUPPORT OF OXY USA WTP'S MOTION TO DISMISS
NEARBURG APPLICATION**
NMOCD Case 12820
Application of Nearburg Exploration Company L.L.C.
for compulsory pooling, Lea County, New Mexico
W/2 Sec 5, T19S, R33E (Gem North "5" Federal Com Well No. 1)

Dear Mr. Brooks:

On behalf of Penroc Oil Corporation, I wish to report to you that Mr. M. Y. (Merch) Merchant has informed me that Penroc has successfully restored the Nellie Federal Well No. 1 to production and that as of yesterday, the well was producing 457 mcf/d. The well is dedicated to the S/2 of Section 5, T19S, R33E.

We renew our request that the Division dismiss the reference Nearburg application.

Very truly yours,



W. Thomas Kellahin

cc: Mr. Michael E. Stogner, Hearing Examiner
William F. Carr, Esq.
Attorney for Nearburg Exploration Company, Inc.
OXY USA WTP Lp.
Attn: Richard Foppiano
Penroc Oil Corporation
Attn: M. Y. "Merch" Merchant